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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte DAVID S. MILLER

Appeal 2009-001715
Application 09/803,667
Technology Center 3600

Before JAMES T. MOORE, *Vice Chief Administrative Patent Judge*,
JAMESON LEE and SALLY C. MEDLEY, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

DECISION ON APPEAL¹

¹ The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the “MAIL DATE” (paper delivery mode) or the “NOTIFICATION DATE” (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

STATEMENT OF THE CASE

Simplification, LLC (“Simplification”), the real party in interest, seeks review under 35 U.S.C. § 134(a) of a Final Rejection of claims 1-7, 11, 13 and 35-50. We have jurisdiction under 35 U.S.C. § 6(b). We AFFIRM.

BACKGROUND

Simplification discloses a method and computer program embedded on a computer readable medium for collecting tax information. A tax information requestor is electronically connected to an electronic intermediary or a tax data provider. A tax payer’s tax return or tax data is electronically collected from the electronic intermediary or tax data provider. The tax information requestor performs a check of the taxpayer using the tax return or tax data. Spec. 3-9.

Claim 1 is illustrative:

A method for collecting tax information by a tax information requestor comprising the steps of:

connecting electronically said tax information requestor to an electronic intermediary;

collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider; and

performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,

wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said electronic intermediary stores said electronic tax return or tax data.

The Examiner relies on the following prior art reference:

Baker	6,473,741	Oct. 29, 2002
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Simplification appeals the rejection of claims 1, 2, 4-7, 11, 13 and 35-50 under 35 U.S.C. § 102(e) as anticipated by Baker.

Simplification appeals the rejection of claims 3, 6, 38, 40, 43, 46 and 49 under 35 U.S.C. § 103(a) as unpatentable over Baker.

ISSUES

1. Does Baker describe a “tax data provider”?
2. Does Baker describe connecting a tax data provider to a tax data requestor?
3. Has the Examiner incorrectly determined that it would have been obvious, based on the rationale provided, to modify the teachings of Baker to include tax data providers of the form specified in claim 6?

FINDINGS OF FACT

Simplification's Specification

1. The term "tax data provider" refers to each party that has tax information relevant to the taxpayer's tax liability or tax reporting obligations. Non-limiting examples of tax data providers include the taxpayer's employers [], partnerships, banks [], savings and loan institutions, mortgage institutions, credit card bureaus, thrift institutions, security brokerage firms [], mutual fund holding institutions, charities [], and federal, state, local, and foreign taxing authorities []. Spec. p. 9, l. 21-p.10, l. 3.
2. "[T]he term 'taxpayer' refers to an individual or other entity such as a trust, estate, corporation, or partnership, who has tax liability or must file a tax return." Spec. p. 9, ll. 17-19.

Baker

3. Baker describes electronically exchanging tax data between accounting and tax preparation firms and the financial services industry, the lending industry and data mining firms utilizing a data cooperative or service bureau as an intermediary. Col. 5, ll. 34-43.
4. The accounting and tax preparation firms electronically transmit taxpayers' tax returns from their databases over the internet to the data cooperative or service bureau. Col. 8, ll. 21-24, 37-39; col.10, l. 56- col. 11, l. 2; fig. 1
5. Baker depicts, in figure 4, that a law firm provides the same tax data as the accounting and tax preparation firms.
6. Data from professional tax preparers would not be different from data submitted to the IRS by tax payers, thereby eliminating a layer of verification for lenders and 3rd parties. Col. 6, ll. 7-20.
7. Lenders and 3rd parties have some assurance that information received directly from a professional tax preparer has not been altered in a fraudulent manner. Col. 5, ll. 60-63.
8. As systems are developed in the future, the data may be transmitted directly from the originating accounting and tax preparation firms. Col. 7, ll. 7-12; col. 11, ll. 27-31.
9. At the data cooperative or service bureau, the taxpayers' tax returns are converted to an electronic format suitable for retrieval by users such as mortgage lenders, thereby enabling them to directly download the complete tax return into their analysis software and/or credit scoring software. Col. 6, ll. 2-7; col. 11, ll. 8-20.

10. When specific taxpayers' tax returns are requested by a mortgage lender or 3rd party, a request form is filled out and faxed to the data cooperative or service bureau, but future use of electronic requests is envisioned. Col. 7, ll. 16-23; col. 11, 36-43.

ANALYSIS

Claims 1-5, 7, 11, 13, 35-37, 39 and 41

Simplification directs its arguments to independent claim 1, which is representative of the group.

The Examiner finds that Baker describes electronically connecting a tax information requestor (i.e., mortgage lender or 3rd party) to an electronic intermediary (i.e., service bureau), and a tax data provider (i.e., tax preparation firm) which electronically provides an electronic tax return and/or tax data of a tax payer to the electronic intermediary (i.e., service bureau). Ans. 4, citing col. 10, ll. 59-67; col. 11, ll. 15-20. The Examiner also finds that Baker describes electronically collecting an electronic tax return or tax data from the electronic intermediary (i.e., service bureau) such that a tax information requestor (i.e., mortgage lender or 3rd party) performs a check on the taxpayer using the electronically collected electronic tax return or tax data. Ans. 4, citing col. 8, ll. 27-29, col. 9, ll. 14-15, col. 10, ll. 59-67; col. 11, ll. 3-20.

Simplification argues that Baker does not teach a "tax data provider". Simplification urges an interpretation of "tax data provider" based on the definition in its Specification that "each party that has tax information relevant to the taxpayer's tax liability or tax reporting obligations." App. Br. 15, citing Spec. p. 9, ll. 21-22. Simplification argues that Baker's accounting and tax preparation firms are not tax data providers. App. Br. 16.

There is no apparent dispute regarding the meaning of “tax data” in the term “tax data provider”. We agree that “tax data” is “information relevant to [a] taxpayer’s tax liability or tax reporting obligations.” App Br. 15; Spec. p. 9, ll. 21-22. Simplification does not dispute that the information provided to Baker’s electronic intermediary (i.e., service bureau) by the tax preparation firm is tax data. Indeed, Baker clearly describes transmitting tax data in this way. Col. 8, ll. 21-24, 37-39; col. 10, l. 56-col. 11, l. 2. Instead, Simplification’s arguments focus on the “provider” part of the term. Simplification specifically argues that Baker’s accounting or tax preparation firm cannot be a provider of tax data. App. Br. 15-16.

During prosecution claim terms are given the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art. *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997). “Absent claim language carrying a narrow meaning, [the claim should only be limited] based on the specification or prosecution history when those sources expressly disclaim the broader definition.” *In re Bigio*, 381 F.3d 1320, 1325 (Fed. Cir. 2004).

With respect to “tax data provider”, Simplification’s Specification discloses:

The term "tax data provider" refers to each party that has tax information relevant to the taxpayer's tax liability or tax reporting obligations. Non-limiting examples of tax data providers include the taxpayer's employers [], partnerships, banks [], savings and loan institutions, mortgage institutions, credit card bureaus, thrift institutions, security brokerage firms [], mutual fund holding institutions, charities [], and federal, state, local, and foreign taxing authorities []. Spec. p. 9, l. 21-p.10, l. 3.

Simplification's "non-limiting examples" support the Examiner's position that the term "tax data provider" can include any entity, person or machine that provides tax information relevant to the taxpayer's tax liability or tax reporting obligations. Ans. 16. The provider could reasonably be, for example, an accounting or tax preparation firm, even though an accounting or tax preparation firm is not listed in the "non-limiting examples" above. Baker's accounting or tax preparation firm is an entity that provides information relevant to the taxpayer's tax liability or tax reporting obligations since the accounting and tax preparation firms electronically transmit taxpayers' tax returns from a database over the internet to a service bureau. Col. 8, ll. 21-24, 37-39; col. 10, l. 56-col. 11, l. 2; fig. 1.

We are not persuaded by Simplification's argument that Baker's tax preparation firm, for example, is not a "tax data provider" because it is not the source of an individual taxpayer's tax information and does not have a separate legal obligation to report and assure the veracity of the tax information. App. Br. 16. The argument is not commensurate in scope with the claim limitations. Claim 1 recites a "tax data provider". As explained before "a tax data provider" is defined as each party that has tax information relevant to the taxpayer's tax liability or tax reporting obligations. Claim 1 does not recite or require the "tax data provider" to be the tax information source or to have separate legal obligations, e.g., a bank or employer. The claimed tax data provider need not be one of Simplification's tax providers listed in its Specification. The Specification merely provides a list of "non-limiting examples of tax data providers". See Spec. p. 9, l. 22-p. 10, l. 3. In any event, and contrary to Simplification's arguments that the tax data

provider must have a legal obligation to assure the veracity of the tax information, Baker describes that data from the *professional* tax preparer has not been altered in a fraudulent manner (Col. 5, ll. 60-63; col. 6, ll. 7-20) and Simplification has failed to direct us to supporting evidence to demonstrate otherwise. Argument of Counsel can not take the place of evidence lacking in the record. *Meitzner v. Mindick*, 549 F.2d 775, 782 (CCPA 1977); *see also In re Pearson*, 494 F.2d 1399, 1405 (CCPA 1974).

Next, Simplification argues that Baker's accounting firm or tax preparation firm cannot be considered a "tax data provider" because it would unreasonably merge the separately defined and distinct entities of a "tax data provider", a "tax payer" and a "tax return preparer institution" disclosed in Simplification's Specification. App. Br. 18; Reply Br. 8-10.

Simplification has not directed us to where in its Specification it expressly disclaims a broader interpretation of a "tax data provider" that would exclude a taxpayer or a tax preparation institution. Moreover, the mere fact that Simplification describes in its Specification a taxpayer and a tax preparer institution with figures and text that are separate from figures and text describing a tax data provider does not foreclose a taxpayer or a tax preparer institution from also being a tax data provider. Even by Simplification's own examples in its Specification, it discloses a partnership as an example of both taxpayers and tax data providers. *See Spec. p. 9, ll. 17-24.* Thus, by Simplification's own description there is expressly some overlap of who can be a taxpayer and who can be a tax data provider. As described, a partnership can be both depending on the type of data that is held by the partnership.

Nor are we persuaded by Simplification's argument that it would be unreasonable to consider tax preparation firms to be tax data providers because such an interpretation would impermissibly exclude embodiments or statements made in the instant Specification. App. Br. 17-18; Reply Br. 8-10. The argument has not been sufficiently explained within the context of claim 1. Simplification has not demonstrated, for example, that claim 1 necessarily covers or need be consistent with all embodiments described in its Specification. Indeed, Simplification argues, at another point in the Appeal Brief, that claim 1 does not include or encompass every described embodiment in its Specification. App. Br. 21. Because Simplification has not meaningfully explained the significance of this argument in the context of the claimed invention, the argument necessarily fails.

Simplification's additional arguments that various positively recited features/steps/entities in the claims are improperly disregarded (App. Br. 18) are conclusory and unpersuasive. Simplification reproduces claim 1 and without any meaningful explanation asserts that each feature and/or specifically defined entity recited in the claims imparts some functionality and must be afforded patentable weight. App. Br. 18-19. Simplification also argues that the recitation of a "tax data provider" affects the structure and functionality of the claimed invention based on a hypothetical infringement example. App. Br. 19. Simplification's arguments do not provide a meaningful explanation of how the recitation of a "tax data provider" affects the structure and functionality of the claimed invention or how the hypothetical example of infringement is even relevant in this particular case to how the claims should be interpreted during prosecution.

Simplification does not present arguments separately addressing the limitations of claims 2-5, 7, 11, 13, 35-37, 39 and 41. App. Br. 19, 25; Reply Br. 10. For all these reasons, we sustain the rejection of claims 1-2, 4-5, 7, 11, 13, 35-37, 39 and 41 as anticipated by Baker and the rejection of claim 3 as obvious over Baker.

Claims 42, 44, 45, 47, 48 and 50

Simplification directs its arguments to independent claims 42, 45 and 48. Claim 42 is representative of the group. 37 C.F.R. § 41.67(c) (1)(vii). Claim 42 recites: “connecting electronically said tax information requestor to a tax data provider . . . ; and performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically”

The Examiner determines that claim 42 is sufficiently broad such that the claim reads on different elements described in Baker. For example, in one instance, the Examiner finds that Baker’s 3rd party requestor corresponds to the claimed “tax information requestor” and Baker’s tax preparation firm corresponds to the claimed “tax data provider”. Ans. 5. Simplification again argues against the Examiner’s findings that Baker’s 3rd party requestor corresponds to the claimed “tax information requestor” and Baker’s tax preparation firm corresponds to the claimed “tax data provider”. Since we have not been persuaded by Simplification’s arguments previously made in that regard, we need not address Simplification’s arguments based on the alternative findings made by the Examiner, e.g., that Baker’s service bureau corresponds to the tax information requestor.

In addition to the arguments directed to claims 1-5, 7, 11, 13, 35-37, 39 and 41 that have already been addressed regarding whether a tax

preparation firm is a tax data provider, Simplification argues that claim 42 requires a direct electronic connection and cannot be reasonably interpreted to include an intermediary. App. Br. 20-21; Reply Br. 11-12. In essence, Simplification argues that because Baker's service bureau is located between Baker's tax preparation firm and Baker's 3rd party requestor, Baker does not anticipate claim 42.

In support of the argument, Simplification explains that its Specification discloses that the tax data provider and the tax data requestor are connected according to the following three embodiments: (1) an electronic connection through an intermediary; (2) a direct electronic connection; and (3) both a direct electronic connection and an electronic connection through an intermediary. App. Br. 20-21. Simplification argues that claim 42 is limited to embodiment 2. Reply Br. 12.

Simplification's arguments are not commensurate in scope with the claim limitations. Claim 42 neither recites a direct connection, nor does the claim language preclude an intermediary. Claim 42 is open-ended since it utilizes the transitional phrase "comprising", therefore additional elements, besides those explicitly recited can be included within the scope of the claim, such as an intermediary. We also broadly interpret "connecting electronically" because claim terms are given the broadest reasonable meaning during prosecution. *Morris*, 127 F.3d at 1054. Similar to the Examiner's findings (Ans. 5), the broadest reasonable meaning of "connecting electronically" encompasses at least a direct electronic connection and an indirect electronic connection (i.e., through an intermediary such as Baker's service bureau). Simplification does not direct us to a disclaimer of the broader meaning. Contrary to Simplification's

arguments, the scope of claim 42 covers all three of Simplification's embodiments, including embodiment 1, since claim 42 is open ended, is not limited to a direct electronic connection and does not preclude an intermediary.

Moreover, we are not persuaded by Simplification's arguments that interpreting claim 42 to include an intermediary is unreasonable based on the concept of claim differentiation. We decline to interpret claim 42 to cover only embodiment 2 and exclude embodiments 1 and 3 because "[a] particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment." *Super Guide Corp. v. DirecTV Enterprises, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004). Contrary to Simplification's arguments, the concept of claim differentiation does not mean that an independent claim should be construed to *exclude* a limitation added by a dependent claim (i.e., an intermediary). Rather, claim differentiation is "the presumption that an independent claim should not be construed as *requiring* a limitation added by a dependent claim." *Curtiss-Wright Flow Control Corp. v. Velan Inc.*, 438 F.3d 1374, 1380 (Fed. Cir. 2006) (emphasis added), (citations omitted).

In any event, to the extent that claim 42 requires a direct connection, which we find that it does not, Baker describes that tax data can be *directly* dispatched to a mortgage lender or other 3rd party end user (i.e., tax information requestor) from the accounting and tax preparation firms (i.e., tax data provider). Col. 7, ll. 7-12; col. 11, ll. 27-31.

Simplification does not present additional arguments separately addressing the limitations of dependent claims 44, 47 and 50. App. Br. 22;

Reply Br. 12. For all these reasons, we sustain the rejection of claims 42, 44, 45, 47, 48 and 50 as anticipated by Baker.

Claims 6, 38, 40, 43, 46 and 49 – the obviousness rejection

Claims 6, 38, 40, 43, 46 and 49 are dependent on independent claims 1, 11, 13, 42, 45 and 48, respectively. Simplification directs its arguments to claim 6 which is representative. App. Br. 26-27. Claim 6 further limits the tax data provider to the taxpayer's employer, partnership, bank, savings and loan institution, mortgage institution, credit card bureau, thrift institution, securities brokerage firm, mutual fund holding institution, charity; the Internal Revenue Service; or a taxing authority.

The Examiner finds that Baker describes relying on the receipt of tax data from an accounting or tax preparation firm to store and sell data warehoused at the service bureau. Ans. 8. The Examiner takes Official Notice of the fact that it was old and well known in the art of tax preparation to utilize tax data received from a tax payer's employer, bank, mortgage institution, etc. Ans. 8. The Examiner determined that it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Baker to receive tax data from a taxpayer's employer, bank, mortgage institution, etc., in order to expand the type of details made available through the service bureau data warehouse, thereby increasing the potential interest in and marketability of the type of stored data. Ans. 8.

Simplification argues that even if it was well known to utilize data received from "tax data providers" of the form specified in claim 6, it was not well known in the art for these "tax data providers" to electronically provide an electronic tax return or tax data to a tax information requestor. App. Br. 28. Simplification also argues that the teachings of Baker and the

officially noticed facts are insufficient to support the conclusion of obviousness. App. Br. 28.

Simplification does not direct us to objective evidence to support its argument that it was not well known in the art for “tax data providers” of the form specified in claim 6 to electronically provide an electronic tax return or tax data to a tax information requestor. Arguments of Counsel can not take the place of evidence lacking in the record. *Meitzner*, 549 F.2d at 782; *see also In re Pearson*, 494 F.2d at 1405. Further, it is not necessary to find precise teachings in the prior art directed to the specific subject matter claimed because inferences and creative steps that a person of ordinary skill in the art would employ can be taken into account. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007). A person of ordinary skill is also a person of ordinary creativity and is presumed to have skills apart from what the prior art references explicitly say. *Id.* at 421, *see In re Sovish*, 769 F.2d 738, 743 (Fed. Cir. 1985). Since it was old and well known in the art of tax preparation to utilize data received from one of the tax data providers of the form specified in claim 6, at the time the invention was made, one with ordinary skill in the art and ordinary creativity would have recognized that any of the tax data providers of the form specified in claim 6 could have been utilized in addition to, or in place of, Baker’s accounting and tax preparation firms to electronically provide tax data to the service bureau and 3rd party tax data requestor. As explained by the Examiner, a person of ordinary skill in the art would have been motivated to modify the teachings of Baker to include the tax data providers of the form specified in claim 6 in order to expand the type of details made available through the service bureau

data warehouse and increase the potential interest in and marketability of the type of stored data. Ans. 8.

Last, Simplification argues that Baker teaches away from utilizing a tax data provider of the form specified in claim 6, and argues that it would be contradictory to Baker's core principle of operation. App. Br. 28-29. Simplification argues that Baker clearly teaches that tax data is only provided by accounting and tax preparation firms, which represents a very material difference from all prior art. App. Br. 28-29, citing Baker col. 2, ll. 33-38.

Simplification's arguments too narrowly focus on the teachings of Baker. The Examiner relies on Baker for the general teaching of receiving tax data from a tax data provider in order to store and sell tax data that is warehoused at the service bureau. Ans. 8. Baker's teachings are not limited to the particular types of tax data providers disclosed, but are applicable to additional tax data providers such as a tax payer's employer, bank, mortgage institution, etc., since it was well known in the art of tax preparation to utilize tax data received from a tax payer's employer, bank, mortgage institution, etc. See Ans. 8. The use of patents as references is not limited to what the patentees describe as their own inventions or to the problems with which they are concerned, as they are a part of the literature and are relevant for all they contain. *In re Heck*, 699 F.2d 1331, 1333 (Fed. Cir. 1983), citing *In re Lemelson*, 397 F.2d 1006, 1009 (CCPA 1968). Moreover, and contrary to Simplifications arguments that tax data is only provided by accounting and tax preparation firms, Baker's teachings are not limited to only accounting and tax preparation firms serving as tax data providers. Baker

also describes that a law firm provides the same tax data as the accounting and tax preparation firms. Fig. 4.

For all these reasons, we sustain the rejection of claims 6, 38, 40, 43, 46 and 49 as obvious over Baker. Since we sustain the rejection of claims 6, 38, 40, 43, 46 and 49 as obvious over Baker we need not and do not address the rejection of claims 6, 38, 40, 43, 46 and 49 as anticipated by Baker.

DECISION

We AFFIRM the rejection of claims 1, 2, 4-5, 7, 11, 13, 35-37, 39, 41, 42, 44, 45, 47, 48 and 50 under 35 U.S.C. § 102(e) as anticipated by Baker.

We AFFIRM the rejection of claims 3, 6, 38, 40, 43, 46 and 49 under 35 U.S.C. § 103(a) as unpatentable over Baker.

TIME PERIOD

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1) (2009).

ORDER

AFFIRMED

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